

**PERSONAL LINES PRODUCER**  
**INDIANA EXAMINATION CONTENT OUTLINE**  
**(100 QUESTIONS TOTAL)**  
**TIME LIMIT 1 hour 40 minutes**  
**REVISED 9/21/2006**

**XVI. KEY TERMS & CONCEPTS**

**(11 QUESTIONS TOTAL)**

**A. Definitions And Key Concepts**

1. Exposure
2. Risk
  - Pure Risk vs. Speculative Risk
  - Dealing with Risk
  - Relationship between Risk & Premium
3. Loss
  - Financial consequences
  - Direct Loss vs. Indirect (Consequential) Loss
4. Insurance
  - Transfer of Risk
5. Property
6. Two Party Contracts
7. Casualty / Liability
8. Third Party Contracts
9. Personal Lines vs. Commercial Lines
10. Insurable Interest
11. Indemnification
12. Limits of Liability
  - Lower of the Loss or the Limit
  - Occurrence Limits
13. Exclusions
14. Inherent Vice
15. Pro Rata
16. Liberalization Clause
17. Assignment
18. Cancellation and Nonrenewal
19. Refund of Unearned Premium
20. Certificate of Insurance
21. Endorsements
22. Named Insureds
23. First Named Insured
24. Additional Insureds
25. Accident
26. Occurrence
27. Countersignature requirements

**B. Types of Insurance Companies**

1. Lloyd's of London
2. Stock Companies
3. Mutual Companies
4. Self Insurers
5. Risk Retention Groups
6. Federal & State Governments

**C. Reinsurance****D. Other Ways of Classifying Companies**

1. By Origin
  - Domestic
  - Foreign
  - Alien
2. By Authority
  - Authorized (Admitted)
  - Unauthorized (Non-Admitted)

**XVII. CONTRACT LAW AND UNDERWRITING****(8 QUESTIONS TOTAL)****A. What is a Contract****B. The Five Essential Parts of a Contract**

1. Offer
2. Acceptance
3. Consideration
4. Legal capacity
5. Legal purpose

**C. Doctrine of Utmost Good Faith****D. Doctrine of Reasonable Expectations****E. Defining Truth**

1. Warranties
2. Representations
3. Misrepresentations
4. Concealment
5. Material to the risk
6. Fraud
7. Fiduciary
8. Waiver
9. Consequences of material misrepresentation

**F. Binders**

1. Oral vs. Written
2. When does coverage start
3. When do Binders expire

**G. Distinct Characteristics of Insurance Contracts**

1. Personal contracts
2. Conditional
3. Unilateral
4. Aleatory
5. Adhesion

**H. Parts of a Policy**

5. Declarations
6. Insuring Agreement/Coverages
7. Conditions
8. Exclusions

**I. Underwriting**

1. Factors used to calculate premium rates
2. Law of Large Numbers
3. Fair Credit Reporting Act

**J. Powers of Agency**

1. Insurance law & the Agent/Producer
  - The Agent/Producer
  - The Agency Agreement/Contract
  - The Agent's extending the insurance company's liability
  - Agent's knowledge
  - Agent vs. Broker
2. Powers of Agency
  - Expressed authority
  - Implied authority
  - Apparent authority

**XVIII. BASICS OF TWO PARTY COVERAGE****(8 QUESTIONS TOTAL)****A. Property Format**

1. What Property is insured
  - Building
  - Contents
2. From what Perils/Causes of Loss
  - Named Peril Policies
  - Open Perils (All Risk) Policies

3. Hazards
  - Physical
  - Moral
  - Morale

**B. The Cause of Loss Forms: Basic, Broad, & Special**

1. Basic Cause of Loss Form
  - Know the Basic perils
2. Broad Cause of Loss Form
  - Know the Broad form perils plus Collapse
3. Special Cause of Loss Form
  - “All Risk” concept
  - Importance of Exclusions

**C. Claim Settlement –Basis for Valuation**

1. Actual Cash Value (ACV)
2. Replacement Cost
3. Functional Replacement Cost/Repair Cost
4. Stated Value
5. Agreed Value
6. Fair Market Value

**D. Cost Containment Tools in Property Policies**

1. Deductibles

**E. Common Property Provisions**

1. Proof of Loss
2. Appraisal
3. Right of Salvage
4. Abandonment
5. Additional Coverages
6. Extensions of Coverage
7. Vacancy/Unoccupancy

**F. Common Property Conditions**

1. Concealment, Misrepresentation or Fraud
2. Control of Property
3. Insurance Under Two or More Coverages
4. Legal Action
5. Liberalization
6. No Benefit to Bailee
7. Other Insurance
  - One practical pro rata calculation question
  - Nonconcurrency
8. Policy Period
9. Coverage Territory
10. Subrogation

**G. Insured's Duties in the Event of a Loss**

**H. Mortgage Holder's Rights**

**I. Loss Payment Options**

**XIX. BASICS OF THIRD PARTY COVERAGE**

**(8 QUESTIONS TOTAL)**

**A. Liability Policies**

1. Purpose
2. Third Party Contracts
3. Definitions
  - Bodily Injury (BI)
  - Property Damage (PD)
  - Personal Injury
  - Advertising Injury
4. Legally Obligated to Pay
  - Settlement
  - Judgment

**B. Negligence**

1. Definition
2. Reasonable Person
3. Intentional acts not covered
4. Establishing Negligence
  - Duty
  - Breach of Duty
  - Proximate Cause
  - Damages
5. Types of Damages
  - Compensatory
  - Punitive
6. Legal Defenses
  - Comparative Fault
  - Assumption of Risk
  - Intervening Cause
  - Statute of Limitations

**C. Beyond Negligence**

1. Strict Liability
2. Vicarious Liability

**D. “No Fault” Benefits**

1. Medical Payments
2. Supplementary Payments
  - Defense Costs
  - Other Payments

**E. Fire Legal Liability**

**F. Personal Umbrella Policies**

**XX. HOMEOWNERS AND DWELLING POLICIES (25 QUESTIONS TOTAL)**

**A. Homeowners (23-24 QUESTIONS)**

1. The Homeowners Program
  - HO-1 Basic Form
  - HO-2 Broad Form
  - HO-3 Special Form
  - HO-4 Tenant (or Contents) Form
  - HO-5 Comprehensive Form
  - HO-6 Condominium Unit Owners Form
  - HO-8 Modified Coverage Form
2. Eligibility
3. Incidental Businesses in Home
4. Who is an Insured
5. What is Covered
  - Dwelling and Other Structures
  - Personal Property and Personal Liability
  - Personal Property of Others
6. Definitions
  - Residence Premises
  - Insured Locations
7. **Section I – Property Coverages**
  - Coverage A – Dwelling
  - Coverage B – Other (Appurtenant) Structures
  - Coverage C – Personal Property
    - Property covered / not covered
    - Property subject to specific dollar limits
    - Personal Articles Floater Coverages
  - Coverage D – Loss of Use
    - Additional Living Expenses
8. Against What
  - Basic Perils
  - Broad Perils
  - Special Perils

#### 9. Additional Coverages

- Debris Removal
- Reasonable Repairs
- Trees, Shrubs, or Other Plants
- Fire Department Service Charge
- Ordinance or Law
- Credit Card

#### 10. Exclusions

- Ordinance or law
- Earth movements
- Flood
- Sewer back-up and sump pumps
- Off premises power failure
- War
- Nuclear
- Freezing of plumbing
- Theft in or to a dwelling under construction
- Vandalism
- Hidden mold or wet rot
- Wear and tear
- Pollution
- Concurrent Causation
- Your animals/pets

#### 11. Conditions

- Concealment or Fraud
- Cancellation
- Subrogation
- Duties After a Loss
- Loss Settlement
  - Coverage A & B Replacement Cost
  - Coverage C ACV
- Loss to a Pair or Set (one calculation)
- No Benefit to Bailee

#### 12. Deductible

- Basic deductible

**13. Section II – Casualty Coverages/The Personal Liability Policy**

- Coverage E- Personal Liability (BI and PD)
- Coverage F – Medical Payments to Others
- Fire Legal Liability Covered
- Exclusions for Section II – Liability
  - Intentional Acts
  - Professional Liability
  - Business Pursuits
  - Workers Compensation losses
  - Vehicle, Watercraft, or Aircraft
- Additional Coverages
  - Claim Defense
  - First Aid to Others
  - Damage to the Property of Others

**14. Endorsements/Optional Coverages**

- Business Pursuits
- Home Day Care
- Incidental Occupancies (in-home businesses)
- Earthquake
- Personal Injury
- Personal Property Replacement Cost
- Scheduled Personal Property
- Watercraft
- Inflation Guard
- Mobile Homes

**B. The Dwelling Policies**

**(1-2 QUESTIONS)**

1. Eligibility and uses
2. Policy forms
  - DP-1 Basic
  - DP -2 Broad
  - DP -3 Special
3. Coverages
4. Limitations
  - No Liability
  - No Theft

**XXI. PERSONAL AUTO POLICY**

**(15 QUESTIONS TOTAL)**

**A. Who and What**

1. Who can buy a Personal Auto Policy
2. What vehicles can be insured under a Personal Auto Policy

**B. Declarations**



### **C. Definitions**

1. Named Insured
2. Family Member (or Relative)
3. Other Insureds
4. Occupying
5. Trailer
6. Covered Auto
7. Temporary Substitute Auto

### **D. Auto Policy Provisions**

### **E. Auto Policy Exclusions**

### **F. Coverages**

1. Coverage A (Liability)
  - Purpose
  - Single Limits
  - Split Limits (two claims calculations)
  - State Minimum Limits
  - Insured Persons
  - Settle/Defend
  - Supplementary Payments made in addition to the Policy Limits
  - Part A (Liability) Exclusions
2. Coverage B (Medical Payments)
  - Purpose
  - Medical and Funeral Expenses
  - Incurred by an Insured
  - Incurred within three years
  - Exclusions
  - Limits (Per Person Per Occurrence)
3. Coverage C (**U**ninsured Motorist & **U**nderinsured Motorist)
  - Purpose
  - Uninsured Motorist
    - Definition
    - Claim Problem
  - Underinsured Motorist
    - Definition
    - Claim Problem
4. Coverage D (Coverage for Damage to Your Auto/Physical Damage)
  - Purpose
  - Covered Auto(s)
  - Collision
  - Other Than Collision (Comprehensive)
    - Theft
    - Contact with a bird or animal
    - Glass breakage
    - Flood
    - Other Covered Perils

- Coverage D Exclusions
  - Wear and Tear
  - Electronic Equipment
- Coverage D Settlement
  - ACV of the damaged or stolen property
  - Appraisal

5. Transportation Expense Benefit

**G. Duties After an Accident or Loss**

**H. Personal Auto Policy Endorsements**

1. Extended Nonowner Coverage for Named Individuals
2. Miscellaneous Type Vehicles
3. Towing and Labor

**XXII. SPECIALTY POLICIES**

**(5 QUESTIONS TOTAL)**

**A. Flood Insurance**

**(2-3 QUESTIONS)**

1. Adverse Selection
2. The National Flood Insurance Program
  - “Write-Your-Own” Program
  - Federal Government’s role
3. Flood Defined
4. Eligibility
  - Designated Areas
  - Property eligible for coverage
  - The effective date of coverage
  - The standard deductible

**B. Personal Watercraft**

**(1-2 QUESTIONS)**

1. Homeowners
  - Limits
  - Property Coverages
  - Liability Coverages
2. Boatowners
  - Eligibility
  - Property Coverages
  - Liability Coverages
  - Territorial Limits
3. Yacht Policy
  - Coverages
  - Basis for settlement-valuations
  - Deductibles
  - Workers Compensation
  - Navigation/cruising limits

**C. Inland Marine Coverages**

**(0-1 QUESTION)**

1. Concept

**D. Fair Plan Coverage**

**(0-1 QUESTION)**

1. Purpose
2. How does it work
3. Eligibility

**XXIII. STATE OF INDIANA**

**GENERAL INSURANCE REGULATIONS**

**(12 QUESTIONS TOTAL)**

**I. Department of Insurance**

**(3 QUESTIONS)**

1. Insurance Commissioner
  - Appointment by Governor
  - Member of NAIC
  - Powers
  - Duties
2. Admission of Insurance Companies
  - Certificate of Authority
  - Admitted versus Non-Admitted companies
  - Domestic, Foreign & Alien companies
3. Examination of Admitted Insurance Companies
  - Frequency of fiscal examinations
  - Waiving examinations of Foreign & Alien companies
8. Insurance Guaranty Associations
  - Purpose
  - Policy benefits that are guaranteed

**B. Licensing Laws**

**(5 QUESTIONS)**

25. Types of Insurance Licenses, Eligibility Requirements & Powers and Duties
  - Resident Producer
  - Nonresident Producer
  - Temporary Producer
  - Consultant
  - Limited Lines
    - Flight
    - Baggage
    - Title
    - Credit
    - Funeral Directors

- 26. Who must be licensed
  - Solicit, negotiate or sell contracts of insurance
- 27. Producer qualifications and the licensing process
- 28. Insurance Company: Producer appointments and termination
- 29. Duties of a Producer
  - License application process, examination, and fees for obtaining a license
  - Controlled Business
  - Acting as a Consultant
  - Fees and commissions
- 30. Producer's License Maintenance
  - Producer notification requirements for change of business **or** residential address
  - License renewal process
  - Continuing Education requirements
  - *Sircon* license & C/E tracking system
    - Producer Responsibilities

### **C. Producer/Company Compliance**

**(3 QUESTIONS)**

- 13. Producer Licensing Law & Violations
- 14. Unfair Competition Law & Violations
- 15. Definitions
  - Twisting
  - Rebating
  - Sharing commissions with an unlicensed person
  - Unfair discrimination
- 4. Complaint process
  - Time frame for hearings
- 5. Penalties/Disciplinary Actions
  - Penalty for violating Licensing law
  - Penalty for violating Unfair Competition Law
  - Penalty for violating Cease and Desist Orders
  - Criminal violations

### **D. Claims**

**(1 QUESTION)**

- 9. When must claims be paid
- 10. Unfair Claim Settlement Practices

**IX. PERSONAL LINES REGULATIONS**

**(8 TOTAL QUESTIONS)**

**D. Claims**

**(2 QUESTIONS)**

2. Auto Claims

**E. Automobile Insurance**

**(5 QUESTIONS)**

5. Financial Responsibility
6. **Un**insured and **Under**Insured Motorist coverages
7. Policy Cancellation and Nonrenewal
8. Automobile Insurance Program (AIP)

**F. Other Property and Casualty Laws**

**(1 QUESTION)**

3. Mine Subsidence
4. Homeowner's Provisions
5. Surplus Lines Producers
  - Purpose
  - Duties
  - Gross Premium Tax
  - License Requirements

END